

O.C.G.A. 50-17-23(d) *Variable rate debt.*

(1) As used in this subsection, the term "variable rate debt" means general obligation debt bearing interest at a variable interest rate.

(2) Variable rate debt may be incurred in the following manner:

(A) For purposes of calculating the highest annual debt service requirements for variable rate debt, interest may be calculated at the maximum rate of interest that may be payable during any one fiscal year, after taking into account any credits permitted in the related bond resolution, indenture, or other instrument against such amount;

(B) Any resolution authorizing general obligation debt which is variable rate debt, in lieu of stating the rate or rates at which such variable rate debt shall bear interest and the price or prices at which such variable rate bonds shall be initially sold or remarketed, in the event of purchase and subsequent resale, may provide that such interest rates and prices may vary from time to time depending on criteria established in the approving resolution, which criteria may include, without limitation, references to indices or variations in interest rates as may, in the judgment of a remarketing agent, be necessary to cause variable rate debt to be remarketable from time to time at a price equal to its principal amount and may provide for the appointment of a bank, trust company, investment bank, or other financial institution to serve as remarketing agent for such purposes. The resolution for any variable rate debt may provide that alternate interest rates or provisions for establishing alternate interest rates, different security or claim priorities, or different call or amortization provisions will apply during such times as the variable rate debts are held by a person providing credit or liquidity enhancement arrangements for such debt as authorized in subparagraph (C) of this paragraph. The resolution may also provide for such variable rate debt to bear interest at rates established pursuant to a process generally known as an auction rate process and may provide for appointment of one or more financial institutions or investment banks to serve as auction agents and broker-dealers in connection with the establishment of such interest rates and sale and remarketing of such debt;

(C) In connection with the issuance of any variable rate debt, the state may enter into arrangements to provide additional security and liquidity for such debt, including without limitation, bond or interest rate insurance or letters of credit, bond purchase contracts, or other arrangements whereby funds are available to retire or purchase such variable rate debt, thereby assuring the ability of owners of the variable rate debt to sell or redeem such debt. The state may enter into contracts and may agree to pay fees to persons providing such arrangements, but only under circumstances where the appropriate officer has certified that he or she reasonably expects that the total interest paid or to be paid on the variable rate debt, together with the fees for the arrangements, being treated as if interest, would not, taken together, cause the debt to bear interest, calculated to its stated maturity, at a rate in excess of the rate that the debt would bear in the absence of such arrangements; and

(D) The state may enter into qualified interest rate management agreements with respect to any variable rate debt. Net payments for such qualified interest rate management agreements shall constitute interest on the variable rate debt and shall be paid from the same source as payments on the variable rate debt. During the term of any qualified interest rate management agreement, annual debt service requirements of the variable rate debt may be calculated taking into account any amounts to be paid or received pursuant to the terms of such qualified interest rate management agreement.